

Prepared By: Ted L. Smith, Sr., Attorney at Law, P. O. Box 598, Batesville MS 38606
(662) 563-3313

Index Info: SW1/4 S36, T2S, R6W; E1/2 of NE1/4 S1, T3S, R6W

Grantor: Melvin L. Hungate, Sr., as Trustee of the Melvin Lee Hungate, Sr. Living
Trust, 11410 Byhalia Road, Byhalia, MS 38111 (662) 838-3088

* Grantee: Fly Timber Company, 2178 Highway 7 North, Grenada, MS 38901
(662)226-2276

WARRANTY TIMBER DEED

STATE OF MISSISSIPPI
COUNTY OF DESOTO

FOR AND IN CONSIDERATION of the sum of Ten and no/100 (\$10.00)

Dollars, this day, cash in hand paid, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I, Melvin L. Hungate, Sr., as Trustee of the Melvin Lee Hungate, Sr. Living Trust, do hereby grant, bargain, sell, convey and warrant unto Fly Timber Company, all timber within the "clear cut area on the attached map which is defined at the site by orange paint around the perimeter; and all trees that are marked with blue paint band, also located within the designated area on the attached

map, marked Exhibit "A", all lying and being in the County of Desoto, Mississippi, as follows, to-wit:

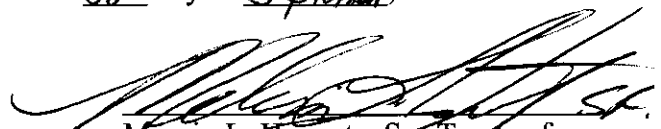
The southwest quarter of section 36, township 2 south, range 6 west and the east half of the northeast quarter of Section 1, township 3 south, range 6 west.

This conveyance is subject to easements and rights of way for roads, streets, sidewalks, and drainage, and also subject to subdivision ordinances for Desoto County Mississippi; also subject to all terms as indicated on Exhibit "B", attached hereto and made a part of this instrument.

Grantee shall have until 24 months from the date of this instrument in which to harvest the above-described timber.

Grantee shall have right of ingress and egress over, on, and across, the above-described property for the purpose of harvesting the timber located thereon.

WITNESS MY SIGNATURE on this the 27 day of September, 2008.

A handwritten signature in black ink, appearing to read "Marvin L. Hungate, Sr.", written over a horizontal line.

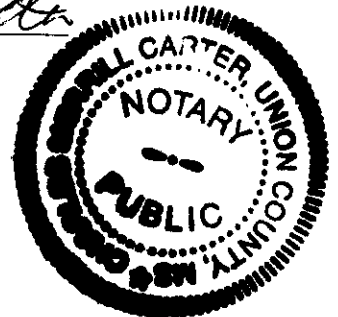
Marvin L. Hungate, Sr., Trustee for
Marvin Lee Hungate, Sr. Living
Trust

STATE OF
COUNTY OF

Personally appeared before me, the undersigned authority in and for the state and county aforesaid, on this the 22 day of September 200 , within my jurisdiction, the within named Marvin L. Hungate, Sr., Trustee for the Marvin Lee Hungate, Sr. Living Trust, who acknowledged that as said Trustee, he executed the above and foregoing warranty deed.


Notary Public

MISSISSIPPI STATEWIDE NOTARY PUBLIC
MY COMMISSION EXPIRES JULY 21, 2008
BONDED THRU STEGALL NOTARY SERVICE



TIMBER DEED CLAUSES

- 1) This Timber Deed shall be for a period of *twenty-four (24) months* and shall expire on _____, Ownership of all trees and timber remaining on the property at the expiration of this Timber Deed shall revert to Grantor.
- 2) Grantee does hereby release the Grantor, its officers, agents, employees, heirs, and assigns from any and all liabilities arising out of the cutting and removing of said timber and forestry products by the Grantee, his successors, employees, or assigns during the term of this contract.
- 3) Grantee hereby agrees that, upon completion of his timber harvesting operations, he will execute to the Grantor a release of any further rights under this Timber Deed whether or not the full term of Timber Deed shall have expired.
- 4) Grantee agrees to protect and repair any and all fences, pastures, bridges, roads, creek crossings or other improvements so as to leave them in substantially the same condition as prior to the timber harvesting operations.
- 5) *Grantee agrees to notify Grantor or his Agent prior to commencing harvesting operations and within (3) three full week-days prior to completion of said operations.* Should it be necessary for Grantee to cease harvesting on a temporary basis and move his harvesting equipment from the site, Grantee agrees to give the above notifications each time harvesting operations are temporarily halted.
- 6) Grantee agrees to blade, drain and waterbar all non-public roads used in the harvesting of said timber at time of harvest completion or as soon hereafter as weather and ground conditions allow. Also, Grantee agrees to leave logging roads and open fields free of tree tops or other debris caused by its operation and to remove all cans, bottles, or other trash placed on site by his operation.
- 7) Grantee agrees to remove tops and other logging debris deposited by his harvesting operation from creeks, streams and other drainageways and further agrees to harvest timber in a manner consistent with **Best Management Practice** guidelines and to comply with all environmental laws, rules and regulations of the Mississippi Forestry Commission, the Mississippi Department of Environmental Quality, the Federal Environmental Protection Agency, and/or any other state and federal agencies having jurisdiction. Grantee further agrees to indemnify and hold harmless the Grantor from any and all claims, expenses and costs, including but not limited to attorney fees, growing or arising out of Grantee's failure to comply with any such environmental guidelines, laws, rules or regulations.
- 8) Open fields shall not be used for purposes other than ingress and egress. Said ingress and egress through said open fields shall be limited to the movement of trucks, equipment and machinery around the perimeters of said fields or over and across existing roadways through said fields. No skidding, decking, loading or other harvesting activities shall be permitted in said open fields without prior consent of the Grantor or his Agent.
- 9) Grantee agrees to pay all severance taxes which may be levied or assessed on the timber products herein sold.
- 10) Grantee covenants that he will harvest timber and forestry products in a good and reasonable logging and workmanship manner and shall use all possible care while conducting the harvesting of the timber conveyed herein so as not to materially damage the land on which the timber is situated by logging when the site is abnormally wet. Conducting timber harvesting operations is prohibited when wet ground conditions fail to support Grantee's equipment and continued operations would result in *excessive rutting* of primary skid trails, roads and landings. **GRANTEE WILL CUT NO BOUNDARY LINE TREES.**
- 11) Grantee binds and obligates itself, and will bind and obligate its agents and independent contractors, to carry:
 - a) Worker's Compensation and Employer's Liability Insurance fully covering Grantee and any other contractor's operations hereunder.
 - b) Commercial General Liability Insurance at minimum combined single limits of \$2,000,000 each occurrence and \$2,000,000 general aggregate for bodily injury and property damage, which coverage shall include products/completed operations.
 - c) Automobile liability coverage at minimum combined single limits of \$1,00,000 each occurrence.

Ex. B''